

AMENDMENT UNDER OAL RULE 100

Statement of Explanation

Title 18. Public Revenue

Regulation 1660, *Leases of Tangible Personal Property – In General*

A. Factual Basis

Regulation 1660 addresses *Leases of Tangible Personal Property – In General*. The State Board of Equalization hereby proposes to amend this regulation under OAL Rule 100.

Assembly Bill (AB) 491 (Ch. 661, Statutes of 2001), operative January 1, 2002, amended Civil Code section 1936 relative to vehicle rentals. Among other amendments, AB 491 added provisions regulating “customer facility charges” required by an airport to be collected from customers of rental car companies operating in or near the airport. One of the specific provisions is that the fees collected pursuant to section 1936, or any other facility financing fees required by an airport to be collected from customers of rental car companies under law, are not subject to sales or use tax. As a result of those statutory changes, the Board has concluded that the corresponding regulatory provisions should also be changed. Revisions to Regulation 1660 are proposed to incorporate the statutory change. These revisions are appropriate for processing under section 100 because they make the regulation consistent with a statutory change.

In addition, the Board concluded that a correction to the “Reference” section in Regulation 1660 is necessary to include Civil Code section 1936.

B. Proposed Amendments

| Subdivision (c)(1)(H) - operative language regarding “customer facility fees” collected pursuant to Civil Code section 1936, or any other law whereby a local agency operating an airport requires a rental car company to collect a facility financing fee from its customers.

Reference- Civil Code section 1936 added to the list of references.

The foregoing changes are appropriate for processing under Rule 100 because they make the regulation consistent with statutory changes and change reference citations.